



# GOVERNANCE AND INSTITUTIONS

## ASSESSMENT PAPER



*Benefits and Costs of the Governance & Institutions  
Targets for the Post-2015 Development Agenda*

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# Benefits and Costs of the Governance & Institutions Targets for the Post- 2015 Development Agenda

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Post-2015 Consensus

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# Highlights

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## *Summary of recommendations*

An assessment of targets in the governance area must consider potential benefits and costs, but also the likelihood that a target will help elicit improvements in governance. Challenges such as difficulty of measurement, weakness of data, and administrative and political problems in implementation must be taken into account.

The analysis of this paper, which addresses governance targets related primarily to effective, accountable, and inclusive government, leads to conclusions about the nature of more and less workable targets for governance and institutions. Workable targets should be:

- Focused on functions that are important to improve;
- Sufficiently specific that they provide some guidance for practice and allow meaningful assessment of improvement. The preference should be for disaggregation of problems to be solved and goals to be reached, rather than for broad, composite targets and measures.
- Ideally, outcome measures rather than output or process, but in some areas such as transparency and access to information, targets will probably be at least partly process and output measures.
- Flexible enough for countries to set their own priorities and approaches to improving governance and institutions. More of the choices of targets and approaches should be at the national level than the international.
- Probably multiple, to reflect the multidimensionality of governance and institutions. Dashboards of indicators that allow tracking where performance has improved or not are one approach, but with a spare number of indicators, particularly among those internationally set.

If targets for governance and institutions are going to be adopted, they should avoid stipulating exactly what institutional forms must be put in place.

Many of the proposed targets from the Open Working Group are very broad, and are more in the form of broad goals than workable targets. They also bundle multiple dimensions of governance. They are wish lists for transforming governance across the board. These include the following:

*16.6 develop effective, accountable and transparent institutions at all levels;*

*16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels;*

*16.10 ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.*

At this level of generality, it is not possible to make even general estimates of costs and benefits. They would need to be unbundled into separate goals, and then indicators would need to be developed for specific areas. Disaggregating broad categories such as effectiveness or accountability and finding more specific functional areas for each in which performance needs to be improved may provide a more useful focus.

As stated, the proposed target for corruption is also very broad:

*16.5 to substantially reduce corruption and bribery in all its forms.*

It needs to be broken into smaller components relating to specific types of bribery and corruption, but by doing so could provide the basis of reasonable targets in the anti-corruption and accountability area.

The most promising of the Open Working Group proposed targets is:

*16.9 provide legal identity for all, including registering all births.*

It has the potential to have a number of benefits both for governments and citizens that correspond to the larger aspirations of effectiveness, rule of law, and inclusive governance. Furthermore, it can be verified and measured. Registering all births would be an appropriate target, moving in the direction of the larger goal of legal identities for all. Other elements of the larger goal might be treated separately, as they would require different actions and approaches.

<b>INTRODUCTION .....</b>	<b>1</b>
SCOPE OF THE ANALYSIS .....	2
<b>SOME DEFINITIONAL MATTERS .....</b>	<b>4</b>
<b>GOVERNANCE ON THE DEVELOPMENT AGENDA .....</b>	<b>5</b>
<b>ISSUES IN MEASUREMENT .....</b>	<b>7</b>
<b>GOVERNANCE AND DEVELOPMENT .....</b>	<b>9</b>
EVIDENCE .....	10
WHAT DO WE KNOW FROM EXPERIENCES WITH GOVERNANCE AND INSTITUTIONAL REFORM EFFORTS? .....	12
SUMMARIZING CONCLUSIONS ABOUT GOVERNANCE AND DEVELOPMENT.....	15
<b>WHAT DO WE KNOW ABOUT HOW TO IMPROVE INSTITUTIONS/ GOVERNANCE?.....</b>	<b>16</b>
<b>ISSUES IN SETTING GOVERNANCE TARGETS .....</b>	<b>18</b>
TYPES OF TARGETS .....	20
<b>ASSESSING GOVERNANCE TARGETS .....</b>	<b>22</b>
COST-BENEFIT ANALYSIS AND GOVERNANCE .....	22
<b>ASSESSING PROPOSED TARGETS .....</b>	<b>23</b>
GENERAL POINTS FROM ASSESSMENT.....	27
<b>CONCLUSIONS.....</b>	<b>28</b>
<b>BIBLIOGRAPHY .....</b>	<b>42</b>

## Introduction

Governance and institutions have been among the focal themes of planning for the post-2015 global agenda, to follow the soon-to-expire Millennium Development Goals (MDGs). In contrast with the MDGs, the agenda currently under consideration may well include goals for governance and institutions. The High Level Panel on the Post-2015 Development Agenda named building “peace and effective, open and accountable institutions for all” as one of “five big, transformative shifts” that its members saw as necessary for a new global development agenda (United Nations, 2013). Most recently, the Secretary-General’s report on the post-2015 agenda laid out six “essential elements” for integrating the numerous potential goals and targets: dignity (ending poverty and fighting inequalities); people (human development); prosperity (economic development); planet (environmental protection and climate change); partnership (global solidarity); and *justice (promoting “safe and peaceful societies, and strong institutions”)* (United Nations, 2014b, italics mine). Thus, the quality of governance and institutions is given a prominent place as a major set of items on the global agenda.

The discussion of possible governance goals and targets for a post-2015 agenda has been lively. Unlike the more technocratic process for selecting the existing MDGs, the UN invited participation and input from the development community worldwide, NGOs, and the public. In a process coming out of the Rio+20 conference and focused on developing sustainable development goals, there have been a series of consultations and an extended and open discussion.<sup>1</sup>

Governance issues have been raised repeatedly throughout that process, and NGOs and others have made numerous proposals for governance and institutional goals. In the results of a global survey conducted by the UN, “The World We Want”, respondents named “an honest and responsive government” as third priority, just after a good education and better health care, and rated it as a higher priority than 13 other possible priorities (United Nations Development Group, 2013, p 8). Thus, putting governance and institutions on the global development agenda is seen, and justified, as responding to the concerns of everyday citizens, not just the priorities of international institutions. As the UN Secretary-General put it in the *The Road to Dignity by 2030*:

People across the world are looking to the United Nations to rise to the challenge . . . Their voices have underscored the need for democracy, rule of law, civic space and more effective governance and capable institutions; for new and innovative partnerships, including with responsible business and effective local authorities; and for a data revolution, rigorous accountability mechanisms, and renewed global partnerships.

The focus on governance comes from two different perspectives. Some assessments of performance on the existing goals have blamed poor governance when results were disappointing, suggesting that improving governance is essential for making further progress (or sustaining progress) in areas such as poverty reduction, health, education, and water and sanitation. This view, then, sees governance and institutions as necessary means to get results on other development goals. Another perspective is that “good

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<sup>1</sup> A summary of the process is included in United Nations, 2014b, pp. 10-14.

governance”, especially components such as participation, transparency, inclusiveness, and access to justice, is a part of development itself; thus, good governance is seen as a development goal to be pursued for its own sake, not just as a means to enable economic development. Both perspectives are reflected in the UN statements on the post-2015 agenda, although the strength with which the latter view, of good governance as part of development and an end itself, is expressed is perhaps remarkable.

Setting goals and targets for governance and institutions, however, is difficult, and there are many problems and challenges associated with doing so. Whereas there is broad agreement that “good governance” (however that is defined) is preferable to poor governance, there is considerable disagreement over whether establishing specific goals and targets for governance is wise and will lead to meaningful improvements in governance. If the motivation is based on the argument that governance is necessary to reach other goals, what do we actually know about the relationship between governance and development? If improving governance is important—whether as ends or means—is including it in the development goals likely to elicit the desired improvements? Setting targets implies being able to measure progress; can we do that? Do we know how to get, or support, good governance? What are the difficulties and the potential unintended consequences?

### ***Scope of the analysis***

This paper is one of a series of papers that focus primarily on benefit-cost analysis of targets in the various sectors to be included in the post-2015 development goals, with the purpose of contributing to the discussion and decision-making with realistic analysis of targets in terms of their likely costs and benefits. The proposal to introduce governance targets, however, raises a set of fundamental questions that need to be addressed prior to the question of economic costs and benefits. Furthermore, the costs and benefits are less amenable to being measured quantitatively, and only general estimations are possible, at best. This paper will first address several larger prior issues: the global governance agenda, measurement and data, the relationship between governance and development, and what we have learned from governance and institutional reform efforts. Then it will assess particular proposed or potential targets in some key areas of governance, with attention to benefits and costs, as well as other criteria, including a range of problems and risks.

A key document that serves as an input into UN consideration of the post-2015 goals is the report of the Open Working Group on Sustainable Development Goals, including 17 goals and 169 targets within those. Most relevant for this paper is Goal 16: “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” (United Nations, 2014a).<sup>2</sup> Box 1 includes a full list of the targets under Goal 16.

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<sup>2</sup> The Open Working Group was set up as a result of the Rio+20 conference and outcome with the purpose of developing a set of sustainable development goals for consideration by the General Assembly. These goals were intended from the outset to be integrated into the post-2015 UN development agenda. (United Nations, 2014, p. 1).



## Box 1

### *Open Working Group Proposals for Sustainable Development Goals Goal 16*

**Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.**

- 16.1. significantly reduce all forms of violence and related death rates everywhere
- 16.2 end abuse, exploitation, trafficking and all forms of violence and torture against children
- 16.3 promote the rule of law at the national and international levels, and ensure equal access to justice for all
- 16.4 by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime
- 16.5 *substantially reduce corruption and bribery in all its forms*
- 16.6 *develop effective, accountable and transparent institutions at all levels*
- 16.7 *ensure responsive, inclusive, participatory and representative decision-making at all levels*
- 16.8 broaden and strengthen the participation of developing countries in the institutions of global governance
- 16.9 *by 2030 provide legal identity for all including birth registration*
- 16.10 *ensure public access to information* and protect fundamental freedoms, in accordance with national legislation and international agreements
- 16.a strengthen relevant national institutions, including through international cooperation, for building capacities at all levels, in particular in developing countries, for preventing violence and combating terrorism and crime
- 16.b promote and enforce non-discriminatory laws and policies for sustainable development

Source: United Nations, 2014a. Italics mine.



The range of proposed goals under the category of governance and institutions is very broad, both generally and in the Open Working Group proposals, covering substantially different dimensions of governance. After some initial discussion of some issues around governance and institutions generally, this paper will focus on a key subset of dimensions central to the proposals and to most views of governance: effective, accountable, transparent and inclusive institutions. Various versions of that set of characteristics show up repeatedly in the statements and documents about governance and the post-2015 goals. They correspond most closely to Open Working Group proposals 16.5, 16.6, 16.7, 16.9, and 16.10, which are indicated in italics in Box 1.

In order to narrow the topic, I have elected not to address directly the issues around peace and reduction in violence, law and access to justice, issues of international governance, elements of which are also included in the very large set of governance issues under Goal 16. The issues of peace and violence are really somewhat different in nature; law and access to justice involve a different set of institutional concerns, even if somewhat overlapping. And the global governance issues are also distinct from governance at the national (and subnational) level. This choice is not to suggest that they are less important.

The scope of effective, accountable, transparent, and inclusive institutions is still very large, including concerns with the effectiveness of government agencies and programs, transparency, participation, and anti-corruption efforts. But these elements are also interrelated, which is one reason for considering them together. Nevertheless, because this still involves multiple dimensions of governance and institutions, the treatment is necessarily still at a fairly general level.

## **Some definitional matters**

The terms “governance”, “institutions” and “institutional reform” are widely used, but there is little agreement on definitions, and different people have different things in mind when they use them. Governance in particular is vague. One set of definitions refers to how public authority is exercised and decisions made. A second definition makes a distinction between “government” and “governance” and uses the latter to refer to the specific idea that addressing contemporary policy problems is broader than just government and defines it as how government, the private sector, and civil society work together to get things done. In the world of international development practice, “governance” is frequently used as part of a normative construct, “good governance” (or its absence), to refer to a set of characteristics that are seen as desirable: rule of law, transparency, participation, accountability, and effectiveness.

Economists distinguish between institutions and organizations, with institutions referring to the rules of the game. In discussions of governance and institutional reform, however, the term “institutions” is often used in more common parlance to refer to both the narrow institutional arrangements and also organizations and organizational change, in order to distinguish these concepts from policies and policy reform. So institutions and institutional reform are about “how things get done” rather than “what” is being done. And the primary focus tends to be on public sector institutions, but with some attention to how the public sector interacts with other sectors and with citizens.

These differences are significant in that they mean that there is significant disagreement about what the focus of governance efforts should be, what should be measured, and why.

For the purposes of this paper, and reflecting the focus of the discussions regarding potential targets, I will use the terms generally to refer to the various dimensions that are often referred to as good (or less good) governance. I will use governance and institutions, and governance reform and institutional reform, interchangeably.

## **Governance on the Development Agenda**

Although the lack of governance targets in the MDGs might give the impression that governance has been a neglected area in development during this period, that is hardly the case. Rather, governance and institutions have been central to the work of development assistance agencies, international financial institutions (IFIs), and regional development banks over the past couple of decades. In a summary of the magnitude of governance efforts, Andrews found that almost half of World Bank projects involved supported institutional reforms in 2011, and that a quarter of the Bank's project spending in the years 2006-2011 supported activities in public administration, law and justice, and significantly more if institutional content in other areas was included. Similarly, public sector reforms were central to bilateral donor and regional development banks' efforts; for example, they were involved in half the projects of the UK's DFID and of the Asian and African Development Banks (Andrews, 2013b, p.6). Reform efforts are widespread around the world, involving at least 140 countries (Andrews, 2013b, p. 6-7). And they seem to have become ongoing, permanent processes in many places. Thus, the emphasis on governance in the post-2015 proposals is an expression of an existing governance agenda.

Several trends converged to bring us to the current concern with governance. First, thinking about development began to change in the mid to late 1990s to put a new emphasis on institutions, as promised economic growth did not materialize in many countries that had introduced and sustained stabilization and structural adjustment reform efforts during the 1980s and early 1990s.<sup>3</sup> Work in institutional economics highlighted institutional barriers to growth. (See Clague, 1997.) Effective states began to be seen as essential for properly functioning markets, as well as for social and human development. Analysts increasingly turned their attention away from downsizing the state to building its capability to fulfill its roles, as well as re-orienting the state away from production and control and toward regulation and facilitation of private sector-led development.

In the context of globalization, work on international competitiveness also began to call attention to the quality of institutions. Porter led the way in analyzing the conditions under which countries could effectively compete in the global market, focusing on the strength or weakness of such institutions as rule of law, strength of judicial and legal institutions, levels of corruption, and quality of bureaucracy, primarily for their effects on the willingness of investors to risk investment in a particular environment, but also for the effects on transaction costs and therefore overall cost competitiveness (Porter, 1999).

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<sup>3</sup> This followed the period in the 1980s and early 1990s in which the "Washington consensus", with its attention on getting macro-economic policies right and allowing market forces to operate freely, dominated mainstream development thinking. Under that thinking, there was little attention to institutions, apart from some reference to the importance of rule of law and economic freedom. The attitude toward the public sector emphasized downsizing, streamlining, privatizing, and liberalizing. The main concern was to get the state out of the way of the private sector and to cut and rationalize bloated bureaucracies and reduce their drain on government budgets.

A second trend came out of public sector reforms in developed countries. During the 1980s and 90s, a number of countries were experimenting with ways to cut costs and improve performance. A new approach of setting goals and targets, holding managers and organizations responsible for meeting them, and demanding results as a basis for both managers' job success and for future budgets became widespread among developed countries. Legislatures, concerned about cutting costs and showing results to taxpayers and constituents, pushed the increasing attention on results. Public sector reforms reflecting the ideas of New Public Management were introduced, most notably in New Zealand, Australia, the United Kingdom, and the United States, but increasingly in other developed countries as well.

A third set of factors reflected the first two and came out of development cooperation and the international development community. The performance/results movement described above and the concern with accountability for providing results for money were extended into the development assistance arena. IFIs and regional development banks, concerned about the viability of loans, began to ask borrowing countries not just for policy reforms but for efforts on governance, including in particular strengthening financial institutions and accountability. Bilateral donors, with legislatures wanting to make sure that development assistance funds produced results, also began to demand efforts on governance. Although these were not usually a matter of strict conditionality, they were often made part of packages of agreements of support for developing countries. In addition, donors' doubts about the effectiveness of aid led some to focus support on countries where governance was strong enough to give some confidence that aid money had a better chance of producing the desired results. Hence, the push to strengthen mechanisms of public financial management and control of corruption became especially important (though not uniformly applied) for, and through, development assistance.

While the attention to governance started as a matter of donors' and IFIs' concern with accountability for the money they provided, it evolved into something much larger. As will be discussed later in this paper, research that showed connections between various aspects of institutions and economic growth, and evidence that poor governance—including corruption—hinders development became the basis for an active and quickly expanding governance agenda for developing countries.

The focus on poverty, poverty alleviation, and pro-poor growth by the World Bank and many other donors fueled the mushrooming of the governance agenda into a wider range of governance issues, including decentralization and more open participation by citizens, communities, and civil society organizations. For example, the Poverty Reduction Strategy Papers that highly indebted countries were asked to develop and commit to in order to receive debt relief included a plethora of governance expectations. (See Grindle, 2004.)

Some observers argue that the end of the Cold War allowed Western countries and international institutions to leave behind former taboos on raising concerns about corruption and other governance problems in countries they supported, thus opening political space for the new governance agenda to take shape.

While the impact of donor pressures and the donors' leading role in shaping thinking about development was a major cause of the new attention to institutions, this is not to say that it was the only source. Some political leaders, in some cases in the context of newly

democratic political systems, undertook public sector and other institutional reforms out of a desire to make things work better. Singapore, though not democratic, became a model of strong institutions making a difference for development. Mexico and Indonesia are example of countries with newly democratic systems that undertook reforms (with mixed success); in both countries those reforms were influenced by international actors and thinking, but the desire for them came at least partially out of a local desire for improvement and a need to be responsive to citizens.

## Issues in Measurement

A major difficulty for both analysis and policy relating to governance and institutions is the problem of measurement. Quality of institutions and changes in governance are not generally things that can be counted, or measured directly, and identifying indicators that are meaningful and capture the complexity is difficult. Furthermore, even for potential indicators, data are unevenly available, inconsistent, and often unreliable.

Starting in the mid 1990s, the sudden interest in institutions and the desire to analyze systematically the relationship between institutions and development spurred efforts at measurement. The first studies relied on data produced by political risk analysis firms; those sources continue to provide data on institutional quality, but they have been largely overtaken by other sources.

Among the most widely used measurements are the World Bank's Worldwide Governance Indicators (WGIs), introduced in 1996. They provide data on six dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. This has been one of the most comprehensive sets of data in terms of its substantive and international coverage. The measurements are based on statistical aggregation of multiple surveys on each of the dimensions, and are mostly perception-based data. (See Kaufmann, Kraay, and Mastruzzi, 2008.)<sup>4</sup>

Another similar and widely used measure is the Quality of Government from the University of Gothenburg. It is also an index, constructed from aggregating data on corruption in government, quality of bureaucracy, and rule of law, and relying on expert surveys. Its focus is limited to the structure and behavior of public administrations (Teorell, Dahlström, and Dahlberg, 2011).

Other major governance data sets include Transparency International's Corruption Perceptions Index (CPI) and the Freedom House data on political freedom and freedom of the press. These and many other sources of governance data are similar to the Worldwide Governance Indicators in that they are primarily perception-based and provide a single score and (usually) a ranking compared to other countries. Most are based on perceptions, some relying on surveys of citizens and others, on experts' assessments of a particular dimension. There are also a few measures that try to get more objective data on citizens' actual experience with government and institutions, generally through surveys that ask about experience rather than perception.<sup>5</sup> One exception is the World Bank's Doing

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<sup>4</sup> Current data and explanations are available online at <http://info.worldbank.org/governance/wgi/index.aspx#home>

<sup>5</sup> An example is surveys that ask people how many times during a year they have had to pay a bribe for particular services or to particular types of officials.

Business Report, which collects data more directly on countries' processes for starting and conducting a business.

Many of the early datasets focused on dimensions of governance that were of particular interest to investors, as much of the focus of the research was to explore the relationship between institutions and economic growth, and theory suggested that investors' confidence and incentives were the linkages between them. So, attention to rule of law, openness, and perception of corruption (especially as faced by businesses) dominated.

In more recent years, with increasing interest in a wider range of governance dimensions and with also growing pressure to find ways to measure changes in governance, whether for academic or policy purposes, there has been an explosion of indicators and attempts to construct indices and put together data on a wide range of governance dimensions. There are so many that some organizations have put together guides to different data sets.<sup>6</sup> The World Bank's "Actionable Governance Indicators Data" web portal pulls together 26 different sets of data.<sup>7</sup> At least some of those represent attempts to go beyond the very aggregated measures and to break down large categories of governance into more meaningful indicators. Nevertheless, most of these are limited in timeframe and country coverage.

The main governance indicators, including the WGI and the CPI, as well as others, are widely used by academics, government policy makers, and development assistance agencies. They are used for different purposes, including calling attention to poor (or good) standing and to movement up or down the rankings; influencing policy; and as the basis for academic research. They also affect donors' funding decisions. They are often used without taking adequate account of their limitations and problems, even though these are well known to experts and often acknowledged by the authors.

There have been extensive and in-depth critiques of both the WGI and the CPI, as two of the most influential and widely used sources of data, as well of governance measurement, generally. (See, for example, Arndt and Oman, 2006; Galtung, 2005; Stanig, 2014; and Pollitt, 2005.)

Clearly, one major concern is the weakness of the underlying data as subjective and not very reliable. It is also clear that cross-country and longitudinal comparisons have to be done with great care. The WGI is not finely tuned measures, and small differences or changes cannot be used for comparison, although that is sometimes overlooked in practice. Furthermore, some measures, such as the CPI, are not suited to comparison across either time or across countries, due to variation in how data are collected and how the survey instruments are designed from year to year. Furthermore, how people answer survey questions, even ones asking about actual experience, may vary from place to place and under different conditions (Galtung, 2005). Yet these kinds of comparisons are made all the time using the CPI.

Indices that add up several different measures and put them into one summary measure are very effective in getting attention to issues, as they are visible and seemingly easy to understand. But they are not very useful as either a measure of what is actually being

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<sup>6</sup> See Arndt and Oman, 2006, for a listing and description of some of these.

<sup>7</sup> [www.agidata.org](http://www.agidata.org)

done, since what is happening to the various components is obscured. Pollitt calls the WGI a “polar example of vagueness and complexity”, with each dimension of governance including data on a wide range of indicators, combining inputs, process, and outcomes, and covering some policy sectors but not all (Pollitt, 2011, p. 450-451).

On the other hand, single, narrowly defined indicators do not capture the multidimensionality of governance. In very recent work about developing governance indicators, Stanig, et al., call attention to the failure of most measurements to get at its multi-dimensionality. They advocate the use of a “dashboard” rather than a single indicator, with measurements being provided for several indicators of what is being measured. In one piece, they apply this to a measure of capacity for governance innovation (Stanig and Kayser, 2013). Another analysis attempts to use the dashboard approach at the transnational, national governance, and city governance levels. For example, at the national level, they apply it to measures of administrative capacity of the state, efficacy and the strength of civil society, and suggest a set of indicators for each (Anheier, Stanig, and Kayser, 2013).<sup>8</sup>

While dashboards are likely to be much more informative about governance performance, and a more useful and meaningful guide for policy than indices or single indicators alone, they are less easily comparable across countries. They may also risk repeating the problem of the unmanageable number of expectations that have characterized the governance agenda during the past two decades, especially if externally imposed.

## **Governance and Development**

The argued relationships between governance and development fall into several groupings, which may overlap and are not mutually exclusive. Governance and institutions or institutional reform are considered to affect development through a variety of pathways, including their effects on:

- investor confidence and willingness to invest;
- facilitation of the working of the market
- effective functioning of government (in managing the economy, delivering services, etc.);
- effective and efficient allocation and utilization of public resources for the public good;
- citizens’ opportunity and ability to participate, communicate their needs to government, demand better governance, and hold government accountable.

Most of the arguments about the relationship between governance and development have to do with economic growth, although there is also a separate and somewhat different line of argument having to do with the effects of governance for poverty. The emphasis and the interpretation vary depending on whether the concern is with economic growth or poverty.

The first two pathways are most often argued to relate to economic growth. One school of thought, and the one most consistent with the Washington Consensus and neo-liberal economics, is that certain institutions, including property rights and rule of law, were essential for allowing the free market to operate and to allow investors to have the

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<sup>8</sup> For other discussions of and examples of the dashboard approach, see Andrews, 2014.)

confidence to invest in a country. Efficient regulation to deal with market failures and get incentives right was also essential.

Effective government and utilization of public resources are emphasized by both those concerned with economic growth and poverty reduction, but the emphasis on what government functions are important will vary, with the ability to manage the economy and finances getting more attention in relation to economic growth, and the delivery of public services and government programs given higher priority for those concerned with poverty. The level of corruption is one component of whether public resources are utilized well and for the public good, which is of concern from both perspectives. Corruption is argued to disproportionately hurt the poor, through the diversion of resources that should go into public services, the cost of paying bribes, so that reduction in corruption should benefit the poor.

The attention to dimensions of governance having to do with citizens' participation, the demand side of good governance, and accountability to citizens has come more strongly (though not exclusively) from those concerned with poverty reduction and with a broader definition of development as capabilities rather than only economic development.<sup>9</sup> The argument that the voice of the poor is weak and insufficiently heard in more traditional approaches to development has pushed a focus on trying to ensure a chance for the poor especially, and to some extent citizens generally, to be able to participate effectively in decisions about resource use that directly affect them and to have the means to hold government accountable in areas important for them.

## ***Evidence***

The global governance agenda relied substantially on an often-cited set of research findings from the late 1990s and early 2000s. Perhaps most prominent was the work by Acemoglu, Johnson and Robinson, whose historical analysis concluded that institutional factors explained differences in levels of development, and particularly that security of property rights was the most important single factor behind variation in wealth of countries (2001).

Less popularly known but influential within the development field were a series of cross-national analyses that tested the relationship between various institutions and economic growth and found positive relationships. Knack and Keefer found that protection of property rights was critical for economic growth and that poor institutions in terms of rule of law, risk of expropriation and contract repudiation prevented poor countries from catching up (1995 and 1997). Mauro found that corruption was negatively correlated with economic growth (1995). Evans and Rauch found a positive relationship between merit-based civil service and economic growth (1999). Kaufmann and Kraay found a correlation between levels of income and the six broad indicators of governance in the WGI (2003). Others had similar findings with a variety of governance indicators.<sup>10</sup> The general conclusions drawn from this body of work were that institutions matter for development

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<sup>9</sup> There is a different line of argument on the demand side that sees economic development creating a middle class, which then has higher expectations for the quality of governance and more capability of demanding it. So that demand for better government then pushes the kinds of reforms that are needed. But economic development, in that argument, helps bring about better governance; not the other way around.

<sup>10</sup> For summaries of the research, see Burki and Perry, 1998, pp. 17-19; Khan, 2007, pp. 7-16; Williams, et al., 2009, pp. 6-8. Khan and Williams also include critiques.



and that improvements in institutions will contribute to, and indeed are a prerequisite for, economic development.

Despite its influence on development practice, the central place that has been given to institutions based on these studies has been criticized on a number of counts. First, claims that the findings are more than correlations but demonstrate causal links have been questioned. Khan notes the lack of data over sufficient periods of time to be meaningful, but also argues that the inclusion of high-income countries in the samples skews the findings. His analysis of the effects of property rights, with the high-income countries removed, finds no significant difference between “converging and diverging” developing countries, that is, between developing countries with high and low rates of economic growth. He concludes:

The absence of any clear separation between converging and diverging developing countries in terms of market-enhancing governance conditions casts doubt on the robustness of the econometric results of a large number of studies that find market-enhancing governance conditions have a significant effect on economic growth” (Khan, 2007).

Similarly, a study of African countries that corrected for per capita income found no effect of the governance indicators on growth (Sachs, et al., 2004).

Second, the direction of causality may be the opposite of what is assumed; good governance seems to be a result of economic development more than the reverse (Goldsmith, 2007; Khan, 2007). Goldsmith notes that there are several reasons that cross-national econometric analysis may exaggerate the relationship between governance and development, including both potentially being the result of other factors, such as human capital development, and endogeneity of institutions, making it difficult to test the effect of institutions independently (2007). The studies also primarily look at relationships between institutional measures and levels of income, not rates of growth, so are less relevant to effects on economic growth in the short-term (Rodrik, 2006). The issues with data and measurement discussed above also make it necessary to be cautious about the findings from such analyses.

Third, the argument that governance changes are required as a prerequisite for development is seen as ignoring historical evidence to the contrary. Ha-Joon Chang’s historical analysis of the timing of governance reforms and economic development spurts shows that in many developed countries, periods of substantial economic growth preceded the kind of reforms now being urged on developing countries (2002). Goldsmith, comparing four current and historical cases, found that economic growth can occur even with fairly “objectionable” institutional conditions and that “good” institutions do not necessarily lead to economic growth (2007).

Finally, as Grindle argues, the governance agenda as currently practiced is enormous and unmanageable for countries that are asked to make improvements across the board, and there is not strong enough evidence about the effect of particular governance reforms to be able to easily prioritize and narrow the agenda. (Grindle, 2004 and 2007.) Similarly, in a critique of “institutional fundamentalism”, Rodrik concludes that: “the cross-national literature has been unable to establish a strong causal link between any particular design feature of institutions and economic growth. We know that growth happens when

investors feel secure, but we have no idea what specific institutional blueprints will make them feel more secure in a given context. The literature gives us no hint as to what the right levers are” (2006, p. 979).

We know, then, that there is a correlation between governance and income levels, and that wealthy countries have better governance on average. We can predict that economic development, and higher levels of income, are likely to lead to better governance. But we do not have a very good understanding of, or very clear evidence on, the other side of the equation—of how and whether improving governance will lead to economic development.

### ***What do we know from experiences with governance and institutional reform efforts?***

More recently, a series of studies have analyzed governance reform efforts. As mentioned earlier, multilateral and bilateral agencies have invested large amounts in institutional reforms over the past couple of decades, and the majority of countries around the world have introduced some form of institutional reform with donor support. Those experiences provide rich sets of data to analyze. These studies have sought to understand the effects of institutional reform efforts on development generally and on the quality of governance more specifically, as well as under what conditions institutional reform may be effective. A number of these look at efforts to improve government effectiveness, transparency and accountability, so their findings are particularly relevant.

A 2011 evaluation covered 80 countries receiving World Bank public sector reform support, which is described as helping countries “build efficient and accountable public sector institutions” (IEG, 2011, p. 67). It found overall that 39% of countries saw improvements in governance while 25% worsened, and the rates were similar for countries that were not receiving World Bank public sector reform support.<sup>11</sup> While 83% of the projects were rated as having had satisfactory outcomes, country-level analysis showed that only 47% achieved their objectives (IEG, 2011, pp. 68-69). Furthermore, there was variation across reform sectors, with public financial management outcomes being somewhat more positive than civil service and administration, where 75% of the countries getting support had seen no change in outcomes, and anti-corruption efforts, for which the objectives were not achieved in 70% of countries (IEG, 2011, pp. 70-75). Regarding the latter, the report concludes: “The relatively limited results suggest that the Bank has not yet found a way to make interventions to reduce corruption more effective” (IEG, 2011, p. 75).

Andrews conducted a broader analysis, looking at government effectiveness and utilizing the World Governance Indicators, with similar findings. Of 145 countries that had introduced institutional reforms with World Bank or other donor agency support between 1998 and 2008, government effectiveness improved in half the countries and worsened in half (2013, pp. 14-15). Analysis using a different data set, the Quality of Government measure, found that 70% of reforming countries had declines in quality of government (2013, pp. 20-21). From these and a review of a range of other studies of institutional reform efforts, Andrews concluded overall that 40-60% of reforming countries do not show improved indicators of government effectiveness following reforms. (2013, p. 19; see also pp. 18-28).

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<sup>11</sup> As measured by the World Bank’s Country Policy and Institutional Assessment.

Analyses of transparency and accountability initiatives (TAIs), defined to emphasize citizen-led initiatives, find similarly mixed results. An assessment of the quite varied literature on this topic concludes:

[U]nder some conditions, some TAIs create opportunities for citizens and states to interact constructively, contributing to five kinds of outcomes:

- better budget utilization
- improved service delivery
- greater state responsiveness to citizens' needs
- the creation of spaces for citizen engagement
- the empowerment of local voices" (McGee and Gaventa, 2011, p. 16).<sup>12</sup>

However, the authors caution that available evidence of impact is uneven and that the evidence is insufficient to draw conclusions about overall trends (McGee and Gaventa, 2011, p. 19). A major conclusion is that the context is extremely important in affecting outcomes.

A number of recent individual studies have involved random experimental trials of transparency initiatives. Kosack and Fung analyzed a set of sixteen experiments on transparency in service delivery. Eleven of the sixteen reported some positive effect. Kosack and Fung also found that the context played a large role in the outcome, and that initiatives that took account of the context were more likely to be successful. They went further in trying to sort out what was important in the context, and laid out five different "worlds": competition between providers, providers willing to improve, providers unwilling to improve, policy makers willing to engage, or everyone unwilling. Transparency initiatives were more often successful in the more conducive contexts. They also found evidence that the information available was often not "salient" for citizens, making it difficult to get their involvement (Kosack and Fung, 2014).<sup>13</sup>

Overlapping with transparency but somewhat different, initiatives that seek to elicit and increase participation have also been a major focus of governance efforts. Participation is argued to be a critical element of accountability, to support better service delivery, as well as to be valuable in itself for empowerment and for inclusiveness in decision making.

Most analysts conclude that, despite the enthusiasm for and large investments in participatory efforts, the evidence in support of them is weak. In a 2004 study of community-based development projects, Mansuri and Rao stated that while "there is some evidence that such projects create effective community infrastructure, ... not a single study establishes a causal relationship between any outcome and participatory elements of a community-based development project" (2004, p. 1). More recently, the same authors concluded that: "evaluations of participatory development efforts improved somewhat

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<sup>12</sup> See also their summary of the studies and findings (McGee and Gaventa, 2011, pp. 16-18), as well as McGee and Gaventa, 2010.

<sup>13</sup> A case study set in Uganda is cited by many authors as evidence for the power of information and transparency to improve budget utilization and service delivery (Reinikka and Svensson, 2004). A re-analysis of that case, however, finds that, while it lends some support to the importance of transparency, other factors were important in getting the results and the role of transparency "should not be overestimated" (Hubbard, 2007).

between 2007 and 2012, generating some new evidence. However, the evidence base for most questions relevant to policy remains thin. . . (Mansuri and Rao, 2013), p. 13. Others reviewing the literature come to similar conclusions. Gaventa and Barrett (2010) state that there is little empirical evidence of links between participation and development outcomes, and especially little evidence of causal connections. Similarly, there is a “paucity of research and evidence about what works and under what conditions” (O’Neil, Foresti, and Hudson, 2007), p. vi.

An evaluation of donor efforts on citizen voice and accountability (CV&A), analyzing 90 such interventions across a number of donors and five commissioned country cases, found that “all country case studies have been unable to establish a direct causal link between CV&A interventions and broader development outcomes”. ... “[N]o evidence can be found within the sample of a direct contribution of CV&A interventions to poverty alleviation or the meeting of the MDGs”. The authors go on to say that donor expectations of direct effects on broad development outcomes are unrealistic (Rocha Menocal and Sharma, 2008, p. x-xi, 34).

Their evaluation found some effects at an “intermediate” level, in terms of positive changes in behavior and practice that affected citizen awareness, local officials’ greater accountability, and some success with empowering marginalized groups. However, they caution that even those positive examples “remain limited and relatively isolated at the micro-level, and it not clear from the case studies whether and how they can be scaled up. The message that comes across more often than not, is that they cannot” (Rocha Menocal and Sharma, 2008, p. x).

Gaventa and Barrett (2010) analyzed a sample of 100 case studies, encompassing 800 instances of “citizen engagement” across twenty countries.<sup>14</sup> They looked at outcomes of citizen engagement on four dimensions: construction of citizenship, strengthening of practices of participation, strengthening of responsive and accountable states, and development of inclusive and cohesive societies. Their findings were more encouraging, but still mixed. They found positive results from citizen engagement:

Although the literature often questions whether citizen engagement can lead to positive development outcomes, our case studies still revealed over thirty concrete cases of where it has done so. Citizen engagement in various forms has led to improvements in health, livelihoods and food, water, housing and urban services and education, usually through gaining increased government attention and responsiveness to issues that might have been previously ignored. Moreover, by looking across multiple cases, we see examples across countries and contexts of where these contributions occur (Gaventa and Barrett, 2010, p. 36).

Similarly, they found examples of participation contributing to realization of rights and to increased responsiveness and accountability of state institutions. In all areas, however, they noted that these results do not always occur and that there are examples of reversals, issues with sustainability, and uneven implementation. They also noted that the largest number of negative outcomes in their study came from state response, rather than citizen

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<sup>14</sup> The case studies were produced by the Development Research Centre on Citizenship, Participation and Accountability, a DFID funded research program based at the Institute of Development Studies. They were in-depth qualitative case studies (Rocha Menocal and Sharma, 2008).

practice, with state resistance ranging from “recalcitrance, tokenism, and inconsistency” to “reprisals and repression” (Gaventa and Barrett, 2010, pp. 36-37, 41-42.)

In a review of the evidence on outcomes due to participatory projects, Mansuri and Rao analyzed almost 500 studies. Their central question was about the impact of large-scale, policy-driven efforts, whether funded by donors or government, to induce participation. They included attention to efforts to increase community engagement as well as those to strengthen village and municipal governments, both through supporting citizen participation in local government and local governments’ capacity to be responsive and effective. Their findings were somewhat encouraging, but with numerous caveats and points about the importance of careful design and implementation to avoid some of the risks. On whether participation improved development outcomes, they found that “greater community involvement seems to modestly improve resource sustainability and infrastructure quality.” But they also found that those who benefited the most were those best placed to capture the programs and that how programs were designed and implemented was critical in determining the likelihood of capture (Mansuri and Rao, 2013, pp. 5-7).

The results in health and education service delivery were somewhat positive but causality “vague”. The study found that “community engagement leads to significantly larger reductions in maternal and infant mortality, larger improvements in health-related behaviors, and greater use of health facilities than investments in health inputs alone can deliver. Significantly, successful programs were often embedded in larger government health systems, and the evidence suggested that: “the most successful programs tend to be implemented by local governments that have some discretion and are downwardly accountable” (Mansuri and Rao, p. 8). With regard to education, school access, improvements in retention and attendance, and reduction in repetition were reported. (Mansuri and Rao, p. 9).

On whether participation strengthened civil society, they found “little evidence that induced participation builds long-lasting cohesion, even at community level.” Such projects reflect divisions within the community and may even reinforce them. They found, positively, that participation led to greater satisfaction with decisions, but that participation tends to be driven by the incentive of getting access to project resources, leaving doubts about whether it is sustainable beyond the life of the project. (Mansuri and Rao, 2013, pp. 9-11).<sup>15</sup>

### ***Summarizing conclusions about governance and development***

Several summary points can be made based on the literature described above. First, there is little clear evidence of direct causal links between governance improvement and broad development outcomes, such as economic growth and poverty reduction. The evidence that most often points to such causal relationships comes from cross-national analysis, which has been questioned. Individual case studies have very mixed findings. Thus, the evidence does not support expecting that improvements in governance will lead to better economic outcomes, or seeing such improvements as prerequisites for economic development.

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<sup>15</sup> For a comprehensive and current review of the empirical evidence about citizen participation, see J-PAL, 2013.

This is not to conclude that there is no relationship between governance and development, simply that it is more nuanced than the cross-national studies suggest, that we do not have very strong, generalizable evidence on those nuances. Caution is therefore warranted regarding the assumption of broad causal relationships and the justification of policies based on them.

Based on fairly large-scale reviews of experiences with governance reform efforts, there is evidence that such interventions sometimes have positive effects for outcomes, but they also do not provide clear evidence of direct causal links. There is more evidence for intermediate effects that may have a longer-term effect on development, but that is difficult to show. Furthermore, there is more research on whether the interventions were successful in accomplishing project goals, and less on larger impact beyond the project itself.

Perhaps more directly relevant for the question of the improvement of governance as an end in itself, the studies of reform efforts in areas such as government effectiveness, transparency, accountability, and participation are not very encouraging about the impact of institutional reform efforts on the quality of governance (apart from its effects on economic development). The results are very mixed in terms of whether governance improved as a result of the reform efforts.

One conclusion that comes up consistently is the importance of context in shaping outcomes and the necessity to take context into account in designing and implementing initiatives. There is limited guidance, though, about what elements of context are most significant. Although the more recent studies have increasingly tried to go beyond the question of whether there is a linkage between specific governance reforms and development outcomes to address questions of the conditions under which they work or not, and what makes a difference in terms of policy design and implementation, it is clear that more research is needed on the conditions under which governance reforms are likely to be successful or not.

In terms of policy implications, the evidence for focusing on governance reforms as essential to achieving other development goals is thin. However, if the concern with governance is not just as a means to other development “goods”, but is seen as an end in itself, the question is whether the kinds of interventions that are made actually make a difference in improving governance. The evidence is that we cannot make easy assumptions that they work in general, but instead that there is great variation in terms of success or failure, and that initiatives are, and must be, context specific. It seems that it is difficult to come up with interventions or targets that would be generally applicable.

## **What do we know about how to improve institutions/ governance?**

The large investments in governance reform and the mixed, but overall disappointing, results have led both academics and donor agencies to try to understand why reforms so often fail and under what conditions they are more likely to work.

“Political will” of top leadership, along with “country ownership”, in relation to donor-sponsored programs, are often cited as key factors, and lack of political will often blamed

for poor reform performance. These are indeed important factors, but they are necessary, not sufficient conditions, and as explanations they tend to obscure the political complexities surrounding such reforms.

A common theme in recent research about institutional reform experiences, especially those that are sponsored by donors, is the blueprint nature of many of the reforms and the failure to contextualize them. (See, for example, Andrews, 2013; Pritchett and Woolcock, 2004; O'Neill, Foresti, and Hudson, 2007; Rodrik, 2006.)

Despite the tendency to talk about these reforms as if they are technical, changes in institutions and organizations are deeply political. All reforms, including macroeconomic policy reforms, are political to varying degrees. But, because institutional reforms involve changing how things are done, they cannot successfully be done by fiat by a handful of experts at the top. Some governance efforts may be primarily inside government and involve bureaucratic politics and changes in not only formal but informal relationships and procedures. Such reforms have to involve the participation of a wide range of officials and staff at different levels. Many governance reforms go farther and may alter, or seek to alter, how states and societies (or components in each) interact. Thus, they are deeply embedded in questions of political power and political and social conflict. These are complex and efforts to implement them will require broad participation, negotiation, and adjustments if they are to work.<sup>16</sup>

Andrews critiques the typical approach to institutional reform programs and comes at it from several angles. His central argument is that current approaches focus too much on the “form” of institutions. Donors and other international actors, such as professional associations, standards agencies, etc., ask countries to adopt particular institutional forms that are considered international “best practice”. This is generally not successful and may be harmful, for a variety of reasons. (Andrews, 2013. See also Pritchett and Woolcock, 2004).

He argues that, often, what are pushed on developing countries as institutional best practices misrepresent the substantial variety of ways that things are actually done in countries judged to have strong institutions, and that successful practices in those countries typically developed incrementally in response to particular needs and in the context of existing formal and informal structures and practices (Andrews, 2010). In addition, the solutions advocated may be solutions for a different problem, not for what the country actually needs.

Furthermore, institutions have formal and informal elements. The formal are visible, but they depend heavily on a substructure of informal relationships and practices, which may be invisible. Institutional reform efforts often make the mistake of trying to transplant the formal structure into a setting where it does not have the more organically developed, informal underpinning that is required to make it work (Andrews, 2013).

There are incentives for political leaders to adopt certain institutional forms, leading to isomorphism, where institutional forms across countries resemble each other in form, but not usually leading to stronger institutions that meet the needs in the country. This is

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<sup>16</sup> Pritchett and Woolcock distinguish between policies, programs, and practices, in terms of who has to be involved in making them work, with practices really having to involve communities (2004, pp. )



especially the case with situations where access to international financing is affected by checking particular institutional boxes. But it is not limited to those situations, as other organizations such as professional associations and standard-setting organizations also play a role in advocating and legitimizing certain practices.

More effective institutional reform comes from the identification of the problem that needs to be solved and the development of institutional solutions, probably in an incremental way and growing out of the existing institutional context. (Andrews, 2013).

This work provides a compelling explanation of why governance and institutional reform efforts have had such mixed and disappointing results. Its lessons are relevant for how reforms are approached going forward. In particular, it implies that those individuals and organizations supporting reforms internationally should take care not to be setting requirements, or targets, that push best-practice solutions on countries and that create incentives for reforms on the surface that do not actually mean better governance in the country.

## **Issues in setting governance targets**

Establishing goals, setting targets, and measuring progress toward the targets come primarily out of the performance management or results-oriented management approach and are integral to it. Within public management, goals and targets are seen as a way to get public agencies away from being inward looking and focused too much on process, control, and rules, and to get them to pay more attention to what the organizations, programs, or policies are supposed to be accomplishing. It has also been used with development programs and projects, with the same purpose of focusing attention on what the project is supposed to be accomplishing and setting a standard for evaluation.

When utilized within an organization or program by skilled managers who are committed to the idea and to the goals, who communicate all the way through the organization, and who organize the people and effort around the goals, a goal orientation can be very powerful. It can both transform the organizational culture and make the organization or program much more effective in doing its work and accomplishing its goals.

The approach has difficulties and risks. As it requires measuring progress toward the goals, defining goals that can be measured (either directly or indirectly) and identifying indicators that accurately represent those goals become critical. If meeting the targets is associated with a system of rewards and penalties, then they are likely to serve as strong incentives. If the targets or how they are measured do not accurately get at what is intended, they can create incentives that lead to effort that does not help reach the goals. Furthermore, even if targets and measurement match the goals, there are various ways that people can “cheat” in how things are counted, which may lead to meeting the targets but not actually accomplishing in practice what is intended. (See Hood, 2006.)

The Millennium Development Goals were an effort to apply a results-oriented approach and the power of setting goals and targets to get results in development. While there was progress in some areas, it was uneven globally and within countries, and many targets were not reached. Many observers see the results as positive, if somewhat disappointing; others are critical of the attempt to set global development targets. Easterly declared it “a success in global consciousness-raising, but a failure in using that consciousness for its

stated objectives”, that is, a failure in using targets to elicit development (Easterly, 2009). Of course, much of the discussion for the post-2015 agenda has to do with how to correct some of the problems regarding the earlier targets, including the unevenness of results.

If there is disagreement regarding using targets for other areas of development, there is much more intense debate about measuring governance and setting targets with regard to governance performance. The arguments in favor of doing so are based largely on the power of measurement and targets as incentives, and the expectation that they will lead to action and results. In addition, there is the implication that if targets are set for other development goals (with the incentives to focus on them) and not for governance, then governance will be neglected. Since setting targets and being able to assess improvement in performance requires measurement, developing better indicators and measurements for governance is a key preoccupation of those who favor a results orientation.

On the other hand, those who argue against setting targets in governance point to the difficulty (or even impossibility) of measuring some or all of the dimensions of governance and institutions, the risks of cheating and distortions as a result, and the less than impressive results of two decades of investment in governance reform by the international development community.

There are undoubtedly daunting challenges for using targets for governance, and many pitfalls to be avoided. Some come from the risks of targeting in any context; some come from the particular difficulties of measurement, data weakness, and difficulty of identifying appropriate indicators in the governance context. As discussed earlier, the kinds of things that are being measured—effectiveness, transparency, accountability, etc.—for the most part are things that cannot be counted or measured directly. So they either have subjective, perception-based estimates or, alternatively, indicators that are proxies for what is being measured, or both. So there are many difficulties in determining how to set measurable targets and in being certain that what you are measuring accurately represents the goal and represents meaningful change. There are real and serious risks of getting targets wrong. There are also real and serious risks of government officials finding ways to meet goals in ways that are window-dressing rather than real reform. There is also the risk that goals that can be measured more easily are likely to be identified, targeted and given priority, while those that are harder to measure may get less attention.<sup>17</sup>

Setting the same targets for all countries assumes that those targets are relevant for all countries. That is a more problematic assumption for governance than it is for health, education, or water and sanitation. The challenges facing countries with different levels of institutional development and very different institutional make-up may be quite different. It is possible that there may be trade-offs between governance goals, at least in the short run (for instance, between effectiveness and goals that may constrain state power, such as transparency or participation; and how those are chosen and prioritized may vary.

The risk of the approach leading to efforts to meet the targets but not actually accomplish meaningful reform or improvement in governance is greatest where reform is complex, unclear, very political, and not amenable to measurement. There is reason to believe that setting targets and measuring progress toward them is not likely to be an effective

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<sup>17</sup>For example, in reform efforts that try to improve customer service, speed is often privileged over the quality of service because the former can be easily targeted and measured.

approach in such areas. (See Foresti and Wild, 2014.) For example, despite the importance of citizen participation, that is one dimension of governance that seems especially unsuited for using targets to get results.

In the MDGs, targets were set at a global level, rather than just a national level, so that progress toward the goals was measured globally. That meant that progress could be recorded on the basis of good performance in just a few large countries, while many other smaller ones lagged behind. The MDGs have been criticized for that approach, and part of the current discussion is how to avoid that problem. In fact, governance is particularly unsuited to measurement at the global level, given the diverse nature of the challenges and the weakness of measures that can be reliably used across countries.

One of the main problems with a results orientation and the use of performance measurement and systems of goals and targets has often been that the expectations have often been set by someone outside and thus lack legitimacy within the relevant community—whether an organization, a program, or a country. If they are seen as a tool for accountability to someone else (such as a donor or an IFI, in a development context), rather than as an internally determined tool for accomplishing goals that a country or organization considers priorities, they are unlikely to be effective.

The implication for practice, and for the specific issue of the post-2015 agenda, is that if governance targets are going to be adopted, they need to be done so with a judicious hand, with care, with many caveats, and with a great deal of room for flexibility.

### ***Types of targets***

There are several different ways of categorizing targets: 1) output, process, outcome; 2) form vs. function; and 3) breadth of the target. These are important because they are connected with different incentives and difficulties.

*1. Outcome vs. output or process.* The standard approach in public management and in evaluation to thinking about targets is to distinguish between those that measure inputs, outputs (activities of the organization or program), and outcomes or impacts (effects in terms of the larger purpose). Inputs and outputs are typically things that can be counted (money and activities). They are valuable for knowing whether an organization or program is efficient and whether it is doing its work. There can also be targets that focus on process—on how the work is done.

Outcomes tend to be more difficult to measure than outputs and even more difficult to attribute to the work of the organization or program. Yet outcome measures are critical for knowing whether the purposes are being accomplished, and they create incentives to focus on results. The performance management movement in recent years has focused primarily but not exclusively on outcome measures and targets. The MDGs were explicitly outcome measures, and the call for post-2015 goals is also expressed in terms of outcome targets.

One of the criticisms of a results—i.e., outcome—orientation in development is that it can lead to a short-term perspective that finds a way to get the results but neglects the longer-

term and more difficult institution or capacity building.<sup>18</sup> This is one of the main arguments for specifying goals and targets in governance itself and not relying on other outcomes to signal improvement in governance. Better performance in terms either generally in a particular dimension of governance, such as less corruption or more transparent governance, or in the direct results of government work, such as improved service delivery in a particular area, may be seen as governance outcomes, and targets can potentially be expressed using such outcomes.

Nevertheless, despite the general preference to use outcome measures, they are not always a good fit in the governance area, and it can be difficult to think of targets in terms of outcomes. In addition, there will be disagreement about what are or are not outcomes. With regard to transparency, for instance, if transparency is seen as a value in its own right, then an increase in it may be seen as an outcome. But if transparency is a means to better other goals, such as greater accountability, less corruption, or more effective citizen engagement, then transparency goals would be appropriately seen as process goals, and the outcomes would need to be expressed in terms of other governance ends. But, as the evidence connecting measures to improve transparency and those other ends is not clear, that remains problematic. (See Berg, et al., 2012; and McGee and Gaventa, 2011.)

*2. Form vs. function.* A more recent approach to governance targets differentiates between targets that focus on “form” and those that focus on improvement in performance of particular “functions”. (See Andrews, 2013b; Foresti and Wild, 2014; Chapman, 2014.) This reflects the critique of typical approaches to governance and institutional reform that ask countries to put in place particular institutions that are pre-identified as solutions to governance problems, i.e., the “form” approach. So “function” targets do not specify how to reach a particular goal, but ideally will help identify key functions that are important to strengthen.

Targets expressed as “forms” may involve, for example, international standards for particular processes, certain institutional approaches to solving problems, such as anti-corruption commissions for controlling corruption or passing Freedom of Information laws to increase citizens’ access to government information. Experience has shown that such targets create incentives for adoption of an institutional reform, but not for implementing reforms or for finding meaningful solutions to problems (Andrews, 2013). There is a high risk of “rituals of reform” rather than real improvement (Goldfinch, 2006).

Although a focus on forms could theoretically consider implementation as well as adoption of reforms, it is more difficult to measure or verify, unlike whether a law is passed or an organization created. It also leaves the question of whether the “form” adopted was appropriate to the context and the problem; if not, implementation may still not lead to improved governance. Thus, trying to use implementation as the basis of targets is generally less clear; it is really only through outcome or possibly output measures that one can get at whether a reform was implemented or not.

“Function” targets focus on improving performance on key functions that are important for development and for citizens. Ideally, these will be outcome measures, but they could also

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<sup>18</sup> This has been a particular criticism of donor projects and the bypassing of local institutions by using project management units or other mechanisms to get results. It may be less of problem with local use of outcome goals but is still an issue.

be assessments of outputs (which are ways of measuring implementation). These will necessarily be quite specifically defined, and it is critical to make sure that targets involve measures of important functions and ones that directly affected by the quality of governance and institutions. There is a risk of selecting targets and indicators that are too narrow; it may be important to choose multiple targets or ones that are important in multiple dimensions. Examples of function targets, in a range of areas, include birth registration, keeping citizens safe (for instance, in terms of road safety or crime rates), food security, capacity utilization of ports for management of necessary trade functions.<sup>19</sup> Improving particular areas of service provision and quality in health and education can also be considered function targets.<sup>20</sup>

3. *Breadth.* Finally, targets can be quite different in scope, or breadth. Some targets may be very broadly defined; others may be quite specific and narrow. There would fall along a spectrum, but with the clearest differences between broad and narrow targets. Targets, then, can be expressed in terms of broad governance dimensions, such as greater transparency, reduction in corruption, higher levels of participation, or greater effectiveness or efficiency. These make sense intuitively, as they are articulations of key elements of “good governance”. These are the kind of outcomes that the WGIs and Corruption Perception Index are designed to get at. The difficulty with them, however, is that it not clear what they include or not, they are very difficult to measure in a way that one can have confidence in, and the data that we have for measuring them are not very satisfactory.

## **Assessing governance targets**

Assessing governance targets involves a series of considerations: the type of target and the accompanying advantages and risks availability and quality of data; potential benefits; costs; and potential problems.

### ***Cost-benefit analysis and governance***

There are challenges for using cost-benefit analysis for governance. There has been little work in this area. The problems of measurement and data are significant limitations, although Johnsen, who looked at cost-benefit analysis in relation to anti-corruption efforts, argues that these are less constraining than the “underdevelopment and underutilization” of evaluation methods in governance (Johnsen, 2014, p. 1).<sup>21</sup>

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<sup>19</sup> These are among targets proposed and discussed by Matt Andrews. See <http://matthewandrews.tpepad.com/the limits of institution/>, 4/24/14, 4/23/14, 12/29/13

<sup>20</sup> Where improvement of sectoral institutions matches other proposed Sustainable Development Goals, targets that are intended to elicit improvements in those institutions would most appropriately be included as part of the targets under those goals, rather than under governance generally. (See the related argument for using transparency and accountability as cross-cutting governance principles across other goals, rather than focusing on them as separate governance issues. (Bergh et al, 2012, pp. 10-11.)

<sup>21</sup> See also the work by Olken, in which he uses a randomized field experiment methodology to compare two approaches to reducing corruption—increasing government audits and increasing community participation in monitoring. After finding that increasing audits was more effective, he then did a cost-benefit analysis and found that the audit approach had a positive cost-benefit ratio. He discussed the choices made in terms of valuing costs and benefits (Olken, 2007, pp. 240-243).

Neither benefits nor costs can be easily quantified or monetized. For some specific anti-corruption measures, it is possible to estimate amounts of money that could be saved by reducing certain kinds of corruption, and to measure the costs of particular measures to get those savings. And some reforms in financial management have direct financial benefits that can be quantified. But with measures to increase transparency or participation, for instance, it is not clear what the direct benefits will be, if any, and indirect benefits are especially difficult to measure. (See Johnsen, 2014, pp. 8-14, for a discussion of measuring and monetizing benefits.)

With costs, it is possible to analyze what kinds of direct costs would be likely to be incurred in an effort to reach the target, given a particular approach to doing so. As cost is often not considered as a particular criterion, it seems likely that costs of such reforms tend to be underestimated. Targets that involve adopting particular forms may not involve very much cost, especially if it is just passing a law. But even those may involve setting up a new organizational unit.<sup>22</sup> Actual implementation of many institutional reforms involves a range of costs: these may include investing in information systems (including hardware and software, networking capabilities, and maintaining and updating them), perhaps hiring new staff, certainly training or retraining staff, perhaps raising salaries. There will be other administrative and coordination costs. Reforms that involve changes not just at the center but at local and other subnational levels throughout a country may require substantial administrative, coordination, personnel, and capacity development costs. Furthermore, there are less direct costs, having to do with the disruption in regular work and the time it takes to learn and to adjust to new systems of doing things.

One of the most significant limitations to applying cost-benefit analysis across countries is that costs, as well as benefits, of implementing particular reforms or approaches will vary in different contexts. Therefore, even with specific approaches and mechanisms to be evaluated, it would be hard to generalize beyond a particular country context. Cost-benefit analysis is also difficult to apply to broadly defined, complex goals and reforms. (Johnsen, 2014, p. 18-21). Thus, the assessment of proposed governance targets for the post-2015 agenda in terms of costs and benefits can be done only at a very general level, to suggest the sorts of potential costs and benefits that might be expected.

Financial or economic costs of particular interventions are not the only factor to be considered in assessing targets. It is also necessary to consider other potential risks, problems, and limitations. These relate to a variety of factors: the likelihood that measures to meet the target can be implemented and have the expected results, the importance of the measure, the incentives created, the clarity of the measure, and the quality of the data, the administrative and political challenges.

## **Assessing proposed targets**

In this section, I attempt to assess a number of proposed governance targets, especially in areas related to government effectiveness, transparency, participation, and anti-corruption.

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<sup>22</sup> Although frequently in such situations they would not be adequately funded or staffed.

First, I looked at the proposed targets from the Open Working Group (OWG), as noted earlier, that related most directly to the governance dimensions considered in this paper - effectiveness, transparency, accountability, and participation - as follows:

From Proposed Goal 16. . . .build effective accountable and inclusive institutions” ....<sup>23</sup>

16.5 substantially reduce corruption and bribery in all its forms

16.6 develop effective, accountable and transparent institutions at all levels

16.7 ensure responsive, inclusive, participatory and representative decision-making at all levels

16.9 by 2030 provide legal identity for all including birth registration

16.10 ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements .

Table 1 (at end of text) assesses those proposals in terms of the type of target; potential benefits and costs; and problems, limitations and risks. <sup>24</sup>

In addition, I considered a subset of proposed targets compiled from a variety of sources by Foresti and Wild (2014). I started with their list of targets, indicators, and data sources, and then did my own assessment of the targets based on the type of target, benefits, costs, and problems and risks, just as with those from the Open Working Group. Table 2 contains the assessment of that second set of proposed targets.<sup>25</sup> They are divided into four categories: a) institutional effectiveness; b) openness, transparency, and access to information; c) freedom of expression, association and participation; and d) anti-corruption.<sup>26</sup>

The assessments are subjective and preliminary but reflect my best judgment. For the most part, the utility of this exercise is less to conclude that a particular target is better than another, but more to indicate that particular kinds of targets are likely to be more helpful and more productive of good results than others, and to suggest considerations that need to be taken into account. But, it also does allow drawing some more specific conclusions.

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<sup>23</sup> The Open Working Group targets from Goal 16 that are not included relate to other parts of the goal-set, not considered directly in this paper, including promoting peaceful and inclusive societies, providing access to justice for all, and ensuring participation of developing countries in global governance.

<sup>24</sup> Tables 1 and 2 are placed at the end so as not to interrupt the text, as they are relatively long matrices.

<sup>25</sup> Foresti and Wild also used the distinction between form and function and include it as part of their assessment. They did not categorize the types of targets beyond that.

<sup>26</sup> These categories follow Foresti and Wild fairly closely. I included freedom of expression and association, as they did, with participation, as they are related, even though I did not discuss those earlier in this paper. They also included a category for rule of law, from which I extracted only the anti-corruption elements.



*OWG proposed targets.* Of the five targets considered, all but one are very broad in scope (for example, “develop effective, accountable, and transparent institutional at all levels). Several—including the example just cited—include multiple targets, so would have to be broken down into component parts with indicators for each. It does seem that the lessons about the need for institutional reform to move away from an emphasis on adopting particular forms has been heeded, with some exceptions, as most of the broadly defined targets are stated in terms of governance outcomes. Nevertheless, available measures and likely indicators do not always support focusing on outcomes, especially with regard to participation and access to information.

With the very broadly defined targets, it is impossible to estimate even in a general way what costs would be, because there is no way to know what measures would or would not be taken toward the target. Any estimation of benefits has to rely on linkages with broad development outcomes, for which the evidence is weak or lacking, or on the value of the governance dimension itself (such as transparency or participation), which is impossible to estimate or generalize about. So assessing such broad targets is difficult. The question will be how to operationalize them in terms of what kinds of indicators—whether composite governance indicators that purport to give an overall view of governance quality, or a set of more narrowly defined indicators that get at some separate aspects of the governance dimension, perhaps.

Target 16.9 is different from the others: providing legal identity to all, including registering all children at birth. In particular, the second part, to register all children at birth, is a very specific function as a target. (The first part is still a more narrowly defined function compared to the other targets, but less specific; it may involve several other components somewhat comparable to birth registration.) It is clear, concrete, and could serve as an incentive for action. It has several advantages as a target: it requires considerable organizational and administrative capacity to accomplish, including reaching throughout the entire country. That capacity, once built, could have spin-off effects for other work that the government needs to be able to accomplish that required similar capacity. Making sure all citizens have a legal identity also helps the government reach citizens for other programs. In addition, legal identity for citizens supports their ability to claim their rights and is an element of other dimensions of governance, including participation, inclusiveness, and rule of law. Therefore, although a narrow function, it catches several dimensions and can serve as an indicator across governance more broadly. (See Andrews, 2013c.<sup>27</sup>)

*Proposed targets compiled by Foresti and Wild.* There is a wider variety of potential targets considered in Table 2. Some are similar in breadth and character to those in the OWG proposals. But there are also a number that get at more specific functions, including (also) the birth registration target, but also mentioning various improvements in other functions, especially elements of financial management such as budgeting, revenue, and procurement. With anticipated benefits that are more immediate than with broad goals and with costs more tied to specific activities, it is somewhat easier to think in terms of benefits and costs. Nevertheless, the assessment still ended up most often as an “uncertain” cost-benefit ratio.

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<sup>27</sup> To my knowledge, it is Andrews who made this proposal originally, and has laid out a case for civil registration, and specifically registration of births, as a potentially valuable target (2013c).

Effectiveness (Table 2A). In addition to birth registrations, there are several potential targets or indicators relating to public financial management that seem promising in terms of institutional effectiveness: improved bill-paying by government, relationships between budget plans and expenditure, better revenue generation. Public finances are also a key functional area for openness and access to information, with proposed targets regarding transparency in budgeting and expenditure, as well as taxation and procurement. Notably, several of these—especially bill paying and expenditure in relation to budgets—try to get at implementation of stated policy, which would be good. Cost-benefit assessments for these seem likely to be generally better than average, although expenditure tracking surveys involve substantial cost. Clearly, this is not a comprehensive list of possible targets for effectiveness, as there could be indicators related to a wide range of areas where government effectiveness is crucial.

Transparency (Table 2B). A number of proposed targets for transparency are really about adopting particular forms (such as Freedom of Information laws or global standards on open data). This reflects the reality that it is difficult to come up with targets that get at transparency outcomes. If the target involves only adoption, costs are low but benefits also low. If the target is about actually implementing the form or standard, then benefits may potentially be higher, but costs will certainly be higher. If there has been little information either produced or made available by a government, the investment in changing that can be enormous. Defining transparency targets in relation to specific functions, such as budgets and spending, may be more promising than general increases in transparency.

Participation (Table 2C). My category of participation only partly corresponds with Foresti and Wild's freedoms and participation category. Several of their indicators are broad governance outcomes that are difficult to assess. But in general the issue here is less cost than political sensitivity and the degree of willingness of powerful political leaders to be willing to open up the political system. The one proposed target that is defined in narrower, more functional terms, is about citizen monitoring of public services. It is not clear from the evidence that that is actually effective in improving outcomes or in providing meaningful activities for participation; it depends heavily on the context.

Although the demand side is a critical part of governance, whether for positive citizen engagement or for monitoring to help keep government more honest, the lack of success or scalability with efforts to improve participation suggests that it is a difficult area for government policies and programs to really make a difference for, in general. Trying to set targets in this complex and very political dimension seem more likely to lead to efforts that may be more window-dressing than real.

Anti-corruption (Table 2D). The set of proposals from this compilation that fit with what I have labeled "anti-corruption" include just a few measures, most of which are quite broad and involve targeting corruption very generally. Reduction in bribery does seem a valuable target, with a meaningful (if not very accurate) measure. But this list does not include specific targets or indicators for other types of corruption, which may be important. On the other hand, transparency measures overlap with anti-corruption efforts, so some of the targets for improving access to information and openness of processes are also relevant. Anti-corruption

measures can involve significant cost, especially those that involve monitoring and enforcement approaches. Transparency approaches would be somewhat less costly and sometimes less difficult politically (but not necessarily). Getting rid of red tape and streamlining regulations to minimize opportunities for rent-seeking would generally have a lower cost.

### ***General points from assessment***

Broadly stated governance goals are aspirational but not very helpful as real targets that affect behavior and performance, and the available measures and data to use for such general goals are especially problematic. Operationalizing them in practice means one of two alternatives: using composite measures that give a general indication of performance on that dimension (and improving those measures) or coming up with more specific targets. The general goals and measures could potentially be used alongside more specific measures but cannot be relied on for very clear-cut indications of change over time or comparison across countries. Disaggregating large categories into more specific goals for which targets and measurement begin to be possible and meaningful will be more likely to be helpful.

Although outcome targets are generally preferred over outcome and process types of targets, they are quite difficult and not always possible with regard to governance and institutions. It seems that it is much easier to come up with potential outcome measures for institutional effectiveness than for either transparency or participation. Effectiveness is about doing things, so one can identify things that need to be done and see whether they are accomplished or not. Transparency, in particular, is really about “how” things are done; so targets that are about improving the process are more typical. In anti-corruption efforts, there are potential outcome measures, such as reductions in bribery or other types of corruption; the major problems have to do with the nature of the data and the relative invisibility of what one is trying to measure.

Assessment in terms of costs and benefits is difficult and speculative. Overall, “form” targets are less costly than other types, to the extent that they may not involve real implementation of the institutional change, but they also fail to provide benefits. Costs are incurred primarily with implementation (as are benefits). If an institutional reform involves creating new organizations, hiring new people, or raising salaries, they can be relatively costly, especially if it requires reaching throughout the country, not just a change in the center. Transparency reforms are potentially less costly than some others, although costs of investing in information managements systems and communication strategies can be significant, and there are administrative costs in making information available in useful form.

Potential benefits also have to be weighed against potential risks and problems. Some of these have to do with the nature of the target and the data/measurement problems. Others have to do with the difficult of implementing reforms to meet the target, including both political and administrative challenges.

Function targets that are narrowly defined and focus on outcomes come out as the most promising, especially where they are concrete enough that there is something that can be measured. These are most likely on the dimensions of institutional effectiveness and

possibly anti-corruption. In addition, function targets in transparency that define improvements in key functional areas are also possibly useful.

As an indicator of government effectiveness, and with other significant benefits, the proposed target for birth registrations is very strong. Other similar targets in other areas where government effort and capacity is important for citizens and for the economy might be similarly useful. Targets for increasing transparency and access to information in key areas, perhaps especially budget formulation and implementation, may also be promising. Anti-corruption targets that sort out specific areas of corruption and set targets for important, measurable ones, would be likely to offer benefits, but may be difficult to implement.

## Conclusions

It is important to avoid the post-2015 goals just being an extension of the global governance agenda of the past two decades, with its plethora of goals, large investments, and disappointing results. Several general conclusions and guidelines can be drawn from the analysis in this paper.

1. Some areas of governance are more amenable to using targets and indicators than others, related to the possibility of good indicators and measurement, as well as the complexity and political nature of reforms involved. Government effectiveness and anti-corruption are two areas in which targets are more likely to be possible. In the former, indicators that related to the accomplishment of important functions can be identified; targets expressed in the terms of those indicators can create positive, effective incentives. In anti-corruption, at least some measurement—while still problematic—is possible, and targets that involve reducing particular types of corruption may yield results. In contrast, targets for increasing participation are unlikely to be effective and more likely to lead to window-dressing to meet goals, but without actually improving governance. Transparency is somewhere in the middle; finding ways to target improvement in transparency in particular functions may be possible.

2. In general, it is neither appropriate nor effective to set goals that involve the adoption of particular institutional forms, or solutions. A particular institutional approach that works in one setting may not work in another setting, and it may not address the important problems. Requiring certain forms makes it easy for officials to check a box that something has been done without necessarily making any improvement in institutional performance.

Rather, outcome goals and particularly those that are narrowly targeted at particular functions have a much better chance of creating positive incentives to carry out meaningful reform in important areas. This leaves flexibility for leaders and officials in different places to develop solutions that work in their contexts.

3. Single measures tend not to be terribly helpful. One type, indices of various governance measures, aim to provide a summation of more than one measure, but by aggregating them, they make it difficult to know how and on what dimensions institutions have improved. On the other hand, single, narrowly defined indicators also are limited in usefulness. Institutions are complex and multifaceted. Choosing only one thing to target and measure will surely lead to improvement on that dimension, but may not be meaningful by itself, and it may lead to neglect of other dimensions.

Targets should be specific enough that they can have indicators and measures that are clear and meaningful, but it is important that they not be trivial. Specific functions, and outcomes or processes, that have benefits across different dimensions of governance, are more likely to be meaningful. Broad goals need to be broken down into more specific components. Although dashboards to show performance across a spectrum may be more meaningful, they have the risk of re-creating the situation of too many goals to focus on. They may be useful for the post-2015 agenda, but only if used with care and with a minimal number of targets included.

4. People and countries will disagree about what and how to prioritize institutional reform. Countries at different levels of institutional development and with different configurations of strengths and weaknesses will have different challenges and therefore different priorities, even assuming that improved governance is a shared agenda. Flexibility needs to be built into a system of goals and targets in order to allow countries to figure out institutional solutions that fit their priorities, problems, and contexts and that work for them. Therefore, while there may be some targets that are adopted for all countries, it would be helpful for there to be a process in countries or possibly regionally for identifying priority targets in the specific contexts. And the dashboard approach may be very useful at the national level.

5. Cost-benefit analysis as an approach for assessing the selection of targets is less productive in the area of governance than in other development areas, for several reasons. These include the inherent difficulty of quantifying and measuring benefits, as well as the very general nature of proposed targets. It is only with a particular set of actions that costs can be seriously estimated. Thus, when a particular reform or institutional mechanism, or a set of alternative solutions, is specified, cost-benefit analysis (or cost-effectiveness analysis) becomes directly relevant and more useful. Furthermore, costs and benefits vary significantly across countries.

The recommendation to define targets that focus on functions, and leaving open the question of what interventions a government will take to reach the target, implies that those governments will have to make their own decisions about what approaches to adopt. Therefore, while potential costs and benefits are important to consider generally at all points in the process, cost-benefit analysis will primarily be a valuable tool at the national level in making decisions about what institutional reforms to adopt, particularly for types of interventions that are amenable to quantification of costs and benefits.

6. Based on past experience with the governance agenda, it is important to avoid the perception (or reality) that governance targets are being imposed on low-income countries by rich and more institutionally developed countries. To the extent that these are international commitments rather than part of donor requirements, the post-2015 agenda has a better chance of legitimacy. Nevertheless, there are expectations that countries will sign on. It cannot be assumed that all will take the governance targets equally seriously or see them as in their interest. Regional processes of priority – setting and monitoring may be useful.

7. Although the evidence linking broad governance dimensions and broad development outcomes such as growth and poverty reduction is not clear, within sectors such as education and health the improvement of institutions such as delivery systems and

accountability are more closely connected to potential improvements in sectoral outcomes. An argument can be made for building attention to governance into goals and targets for particular development sectors, rather than as broad stand-alone governance goals.

8. As others have noted in relation to the MDGs and the post-2015 agenda, it is important to invest (both globally and within countries) in data collection for relevant indicators and in building the capacity and prominence of statistical agencies. For governance, it is not just the difficulty of measurement, but also the lack of reliable data, that acts as a major constraint for assessing performance. With many decisions having to be made at the national level and for accountability within countries, it is arguable that national level data are especially, and increasingly, important. And, as part of making available information to citizens in support of transparency, accountability, and the ability to participate effectively in public life, better and more available data and the capacity to produce and use those data become in themselves an important factor for good governance.

**Table 1. Assessment of Open Working Group proposed governance targets**

<b>Proposed targets<sup>28</sup></b>	<b>Indicators</b>	<b>Possible data sources</b>	<b>Type of target</b>	<b>Benefits</b>	<b>Cost</b>	<b>Problems, risks, limitations</b>	<b>Overall assessment</b>
<b>16.5 Substantially reduce corruption and bribery in all its forms</b>	Improvement in perception of level of corruption; Reduction in number of paid bribes	TI corruption barometers TI CPI TI bribery index	Broad governance outcome	Could reduce cost of doing business; increase funds available for public services and other public uses; reduce cost for poor of interacting with state.	Uncertain. Depend on what has to be done.	Very broadly stated. To take on all forms of corruption would be a very big agenda. Likely to be significant resistance; may be hard to implement politically.	Cost-benefit uncertain, since we can expect benefits but do not know the costs. Good in that it focuses on outcomes, not just adoption of particular institutional forms. Perhaps too big to be manageable.
<b>16.6 Develop effective, and accountable, and transparent institutions at all levels</b>	Improvement in effectiveness, accountability, and transparency, at central and sub-national levels of government.	WGI scores for effectiveness and for voice and accountability; TI corruption barometers; subnational data  (To measure as one target rather than separately would require a single composite governance indicator)	Mixed, but intended to be broad governance outcome. Would need better measures.	Governance benefits—government would likely be better at getting things done. Citizens would benefit from better government/governance. But benefits of improved governance on development outcomes uncertain.	Uncertain—depends on what is done.	Data weak. Target so broad that it is not clear what is measured. Obscures what has improved and what has not. (Applies to the scores for effectiveness, transparency, and accountability separately; a single composite score would be even more obscuring.)	Uncertain cost-benefit. May be suggestive of quality of governance, but not sufficient as target by itself. Important set of goals for governance, but would have to be operationalized more specifically to be workable as target.

<sup>28</sup> United Nations, 2014.



<p><b>16.7</b> <b>Ensure responsive, inclusive, participatory and representative decision making at all levels</b></p>	<p>Citizen or NGO participation in monitoring of public services</p> <p>Opportunities for participation in policy formulation and implementation</p> <p>Responsiveness of government at central and local levels to citizen demands</p>	<p>Surveys</p> <p>CIRI Human rights data</p> <p>Freedom House</p>	<p>Broad governance outcome and process.</p> <p>But available data are about conditions for participation, not outcomes.</p>	<p>Opportunities to participate may be seen as a development value; government policies and programs may be more effective as a result.. But economic development benefits uncertain.</p>	<p>Uncertain. May involve developing and managing new systems or mechanisms for participation and decision -making. May also require capacity development at community level for citizen participation</p>	<p>Extremely difficult to measure. May be significant political and/or bureaucratic resistance.</p>	<p>Uncertain cost-benefit. Very broadly stated target and hard to measure. Meaningful participation may be less amenable to use of targets than some other areas of governance.</p>
<p><b>16.9</b> <b>By 2030 provide legal identify for all, including birth registration</b></p>	<p>All children registered at birth and legally identified</p>	<p>Administrative records, surveys</p>	<p>Specific function; output and outcome</p>	<p>Indicates govt capacity to manage a basic process throughout its territory and for all groups. Building that capacity is important support for other govt programs. Also gives people legal standing and helps them claim rights. (Andrews, )</p>	<p>Moderate-administrative costs of implementing; IT systems and costs of storing and managing data; training and supervision costs; coordination with clinics and local authorities.</p>	<p>Very narrowly defined. Requires strong systems of information and document management, and ability to coordinate. In some countries that would be a major capacity building effort. There is less likely to be overt political opposition. Reaching marginalized and remote communities could be difficult in some countries. Requires a certain trust in the government.</p>	<p><b>Very good as target.</b> Benefits outweigh costs. More specific. Outcomes to measure more objectively. Significant benefits across dimensions of governance, and helps support govt effectiveness in other areas.</p>

<b>16.10 Ensure public access to information...</b>	Freedom of Information acts in place; National open data policy in place Increase in score on Open budget index	Surveys National records Open Budget Index	Mixed— Fairly broad governance outcome. But likely indicators are partly form and partly more specific function.	Information access is supposed to help accountability and also enable citizen participation. In reality, benefits are uncertain.	Relatively low, although making information easily available in usable and meaningful ways takes considerable effort and organization.	Stated very broadly, so not clear what information is important. If legislation is weak, then implementation of that legislation may not mean much.	Fair. Too broad, but has some advantages. Depends on how operationalized. As stated, it implies measurement of implementation, rather than just adoption, which is more meaningful but more difficult.
<b>16.10 (cont.) ...and protect fundamental freedoms in accordance with national legislation and international agreements</b>	Improvement in indicators on freedom of speech, of the press, of political choice;	CIRI Freedom House	Broad governance outcomes;	More open societies give people more opportunity to be fully capable citizens, enable participation. Press freedom is seen as helpful in anti-corruption efforts. Linkages to improved economic performance uncertain.	Fairly low cost in immediate financial terms. Uncertain whether openness leads to demands for services from citizens or greater accountability that might make government more efficient. So long-term costs uncertain.	Depending on context, may be politically unattractive to powerful. Easy for political leaders to say they are doing it and not actually make any change. So important to have measures that are independent of government.	Cost-benefit uncertain, but in freedoms are indeed a value, probably a positive cost-benefit ratio, if implemented. However, broad as a target, and very political. Uncertain whether it would have that much effect as a target. Selecting a key part of it, such as freedom of the press, would be more meaningful.

**TABLE 2. ASSESSING PROPOSED TARGETS** <sup>29</sup>

**2A. Effectiveness**

Proposed targets	Indicators	Possible data sources	Type of target	Benefits	Cost	Problems, risks, limitations	Overall assessment
All children registered at birth and legally identified	All children registered at birth and legally identified	Administrative records, surveys	Same as in Table 3. This target was included in both sets of proposed targets.				
Increase in government “bill paying”		Administrative records, surveys	Function (immediate outcome)	Indicator of gov’t capacity to manage finances and administration generally; Indicator of implementation of financial improvements. Increases legitimacy.	Relatively low, although it may mean paying out money from budget that was not paid out before. Administrative costs.	Risk: Depending on nature of indicator, may get better performance by paying a few big bills but not many smaller ones, or vice versa. That is, possible to manipulate score without accomplishing purpose.	Good. Benefits likely to outweigh costs.
Increase in implementation of regulations		Administrative records, surveys	Output, function, but very broad	Depends on what the regulations are and whether they are appropriate. As a target, focuses on narrowing gap between policy and implementation.	Depends on regulation, but will involve administrative costs of monitoring and enforcement; strengthening or creation of regulatory agencies.	At this level of generality, no way to measure. If regulation in specific areas is targeted, then it may be possible to develop indicators that get at implementation. If powerful individuals or groups are escaping regulation, implementation may be politically difficult. Also may require substantial analytical and legal capacities that may be in short supply.	Too broad. Difficult to measure. Good in trying to get at implementation.

<sup>29</sup> Targets, Indicators, and Possible data sources in shaded boxes are from Foresti and Wild, 2014. For original sources of proposed targets and indicators, see Foresti and Wild, 2014.

Reduction in gap between proposed and executed budgets (aggregate and to specific areas)		PEFA indicators	Function	Focuses on implementation, so actual practice. Would mean less gap between policy and implementation. Would also aid transparency.	Uncertain. If measured by surveys, the measurement may take significant resources.	Risk that it may provide cover for skimming of public money.	Good indicator with some risk; Cost benefit uncertain. Measurable.
	Annual updating of population figures used as basis for political representation and budget allocation	Census data Statistical agency records.	Function, output.	Population figures are important, and making sure that they accurately represent the population and include all groups is important for representation and inclusion.	Moderate cost, if annual updates were primarily statistical updating and corrections. If conducting surveys or partial censuses, higher cost.	Census data can be politically sensitive. Requires statistical and data collection capacities. For many countries, accurate census data at all would be a major accomplishment; annual updating would seem to be too ambitious and, if census data are not good to begin with, not a very productive use of time and resources.	Benefits of annual updating may not be worth the cost. Regularly collected and increasingly accurate census data might be more meaningful and attainable.
Increased use of e-governance at national and local levels			More form than function.	Has potential to simplify and improve government services for citizens and improve data management and processes. May lay the basis for other use of other	Uncertain. Costs of installing systems (and maintaining and keeping updated), reorganizing, training. But may save other administrative costs after implementation.	Risks placing emphasis on form and e-government as a pre-made solution that may or may not apply.	Uncertain cost/benefit, at least in short run. Longer-term, fair to good in terms of potential to improve information management and services.
Increased satisfaction with government performance (generally or by sector)		Regional Barometers World Values Surveys		Gives overall view. Explicitly perceptions, which may suggest improved performance or increased satisfaction for other reasons. Improves legitimacy	Uncertain—depends on what is done to improve satisfaction.	May or may not measure improvement in governance. As general view, does not make clear what has improved or not.	Uncertain—may be suggestive, but insufficient alone.

Increase in level of domestic resource mobilization		National data	Function				
Increase in tax levels as a proportion of GDP		National accounts; tax records	Function	Increased public resources. Sign of administrative capacity.	Costs of improving tax administration, and will depend on approach. But may include hiring, salary increases, training, and administrative and enforcement costs.	<p>“Tax levels” is not clear; would be better to reword as increase in tax revenue as proportion of GDP, or measures of improvement in tax administration.</p> <p>This target will not be equally relevant for all countries, but for those that have low levels of tax revenue, either due to tax policy or administration.</p> <p>Target of increased tax collection, though, can incentivize harsh collection tactics, along with more positive measures.</p>	Good. Various possible indicators for tax performance..

#### 4B. Openness, transparency, and access to information

Proposed targets	Indicators	Possible data source	Type of target	Benefits	Cost	Problems, risks, limitations	Overall assessment
Increase access to information	Right to information legislation in place; National Open data Policy in place; Increase in score on Open Budget Index Government budget data publicly available	Open Budget Index	Mixed (includes different kinds of indicators). Some targets mentioned are forms; but is also process and possibly function.	May improve accountability, anti-corruption efforts, but evidence is not clear that it does, on its own. May help to enable citizen participation and engagement.	Depends on what actions are taken.	General measurement does not show where improvement has been made, or not. Particular forms, such as right to information laws, etc., have risk of creating incentive for window-dressing.	If seen as a set of targets in narrower areas, not a single measure, then is not a bad set of indicators for transparency. But perhaps too much emphasis on form rather than implementation.
All national and local governments publish and make available information on taxation and revenues, budgeting, expenditures, and contracts		Revenue Watch Index Open Budget Index	Function; process and output.	Covers range of government finances. Attention to local government finances important in many places, and often there is little transparency at that level.  May increase accountability, but not necessarily.	Relatively high. The process of making financial data available at all levels would take a major effort.	Broad. May be difficult to implement.  Risk of complex information being made "available" but not in an understandable or usable way..	Potentially good.
Adoption of a global open data standard		OGP	Form	If implemented, would provide a basis for greater access to public information	Low	Assessment based on adopting a particular standard does nothing to make sure it is implemented, so major risk of it not improving governance.	As part of package of transparency targets, could be helpful. Alone, poor.

Improve the use of information	Improved skills and literacy of citizens; Increased public participation and commitment to open government	UNESCO media and information literacy indicators; SWIS ICT Indicators CIVICUS civil society enabling environment Index	Mixed; function and form	Gets at demand side, which is important for transparency to be meaningful. B	Fairly high, as stated. Costs of communicating; education costs.	Data weak and questionable. Very broad as stated. Includes, if not improvement of entire education system, at least programs of civic education/community development. Policies to be more open to civil society may or may not be meaningful.	Targeting this may not be productive. And this may be more likely to be a result of improved education performance.
Openness in both the formulation and execution of budgets		Open Budget Index	Function	Key function of government. Important area for transparency, both in formulation and execution of budgets.	Moderate. Depends on whether "openness" is defined as a more participatory process, which would have higher cost to manage, or simply making budget information available.	Budgets are complex documents. Openness may not be meaningful if information is just released in technical form, or if the budget is only a part of govt spending. To be meaningful, budget and other has to be conveyed in ways that are understandable to citizens and other users. That is not so easy.	High. Cost-benefit likely to be relatively good.
Transparency of public procurement	Public advertising of all government procurement	National data	Function	Important area for transparency. Measures implementation rather than just form.	Moderate.	Can be done in a way that is not meaningful—advertising for tenders can be made difficult to fine or not timely; if criteria and decisions are not made public, public advertising may not actually open up the process.	Good, but care needs to be taken in deciding on what and how to measure.

Ensure all countries have transparent governance, with open budgeting, freedom of information, and comprehensive corporate reporting	Increase in Open Budget Index score Existence of Freedom of Information Act Existence of legislation on corporate reporting that requires companies to report on social and environmental impacts	Open Budget Index National records	Mixed, but more form than function	Uncertain; depends on what is actually done.	Uncertain; depends on what measures are taken.	Combines several different elements. More attention to form rather than transparency outcomes.	Poor. Too broad and composite.
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#### 4C. Freedom of expression, association and participation

Proposed target	Indicators	Possible data source	Type of target	Benefits	Costs	Problems, risks, limitations	Overall assessment
Improvements in freedom of assembly and freedom of association	Improvements in Freedom of Assembly and Freedom of Association Index	CIRI Human rights data	Could be seen as fairly broad governance outcomes or as improvement in conditions for participation	Necessary (but not sufficient) for participation. May increase legitimacy.	Relatively low in terms of direct costs.	May not be politically attractive to powerful; political risks.	Very political. Aspirational; broad.
Improved press freedom	Reduction in number of journalists killed Reduction in number of journalists who report sanctions	CIRI Human Rights data; Freedom House; Reporters Without Borders	Narrower function; outcome.	Helpful for accountability and anti-corruption efforts.	Relatively low.	May not be politically attractive to powerful. Political risks.	As more specific target than overall freedom, better as target.
Ensure the participation of citizens in monitoring essential services	Existence of national and local oversight bodies; Number of people who report participation; Proportion of public who believe they can receive timely services without paying a bribe	National surveys and administrative data	Narrower function; more process than outcome.	Benefits should be improved services, but evidence is not clear that that outcome occurs, or it depends on context. So benefits uncertain.	Costs of increasing participation include organizing and implementing mechanisms for citizen input. Will vary. If government is responsive in improving quality or increasing access to public services, costs could be high.	Ensuring participation does not necessarily mean better services. Monitoring imposes costs (if only time and opportunity cost) on citizens; they may or may not be willing to participate. Targets mentioned are more varied than just participation in service monitoring.	Cost-benefit unclear, may not be so positive. Participation here is means to better services; so better to use access to and quality of essential services as a target, not participation. (And make sure that improvement for the poor is measured.)
Increase public participation in political processes and civic engagement at all levels		Surveys	Broad governance outcome/ process..	Participation may have value in itself. As means to other development ends, uncertain.	Uncertain. Some costs would be borne by government, some by civil society.	Complex. Very political. How to have a meaningful measure is unclear.	Too broad. Not a goal that is amenable to targeting.

#### 4D. Anti-corruption

Proposed target	Indicators	Possible data source	Type of target	Benefits	Costs	Problems, risks, limitations	Overall assessment
Increased implementation of anti corruption legislation	Improvement in corruption scores	Global integrity; TI Global corruption barometer	Mixed. Emphasis on implementation, but indicator is a broad governance outcome.	If legislation addresses problems, implementation is a better focus than simply adoption of a specific law. But	Uncertain.	Legislation may be weak or not a good fit. May be politically and administratively difficult.  Indicator does not actually match proposed target. If measure is to be of reduction in corruption, then that is more meaningful. It may or may not reflect increased implementation.	Goes beyond pushing adoption of particular institutional approaches to encourage implementation; and leaves form unspecified. Step forward in those respects. But not very helpful as a target.  Unspecified assumptions about cause of problem in way target is stated.
Reduction in bribery	Reduction in number of people who report paying a bribe	TI Bribe payers Index; World Bank Country Policy and Institutional Assessment	Narrower governance outcome. Function.	For businesses, reduces cost of doing business. For citizens, reduces cost of interacting with government. May mean fairer and more efficient application of policy and regulation and better allocation of resources.	Uncertain. Depends on what has to be done to reduce bribery. Approaches vary from increasing pay (expensive) to increasing monitoring (possibly expensive) to streamlining processes (less expensive).	If measured by number of bribes reported, can focus attention on many small bribes and ignore the large ones, because they count for less. May help regular citizens who pay small bribes (and that is good) but may cause larger-scale corruption to be neglected.	Good.
Reduce bribery and corruption	All officials can be held accountable	TI Index; national data, world Bank CPIA	Mixed: Broad governance outcome, but indicator is functional, looking at holding officials accountable.		Probably fairly high, if holding officials accountable means having the enforcement authority and power to arrest and prosecute them, and an effective judicial system that can convict and punish them.	Requires considerable enforcement and judicial capacity. Risk of high-level opposition, resistance. Hard to implement in many contexts, especially where there is high-level collusion. Can be just window-dressing; also risks being used politically for retribution or control.	Not sufficient alone, but could be part of set of indicators. However, if reduction in impunity is in fact the target, the data need to get at ratios of incidence of official corruption, arrests, convictions, and punishments, and level of people involved.

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